



The Green Suppliers Network

Performance Track Teleseminar Summary
September 14, 2005

Speakers

- Tom Murray, EPA Office of Pollution Prevention and Toxics, Washington, DC
- Jenni Cawein, Baxter Healthcare Corporation, Deerfield, IL
- Steve Beurkens, H&L Advantage, Grandville, MI

Topic Summary

This teleseminar provided an overview of the Green Suppliers Network, along with perspective from an equipment manufacturer (Baxter Healthcare) and a small supplier (H&L Advantage) on how the program is working for them.

The Green Suppliers Network is a voluntary supply chain program that offers manufacturers the opportunity to engage their suppliers in on-site technical reviews that can save money and reduce environmental impacts. The program is a collaboration among industry, EPA, and the U.S. Department of Commerce.

Green Suppliers Network Results

Twenty Green Suppliers Network reviews have identified \$9.7 million in potential annual cost savings to suppliers, plus an additional \$4.5 million in one-time savings from lean opportunities.

Individual facilities report impressive results from the program. For example, Green Suppliers Network helped Har-Conn Chrome Co., a metal finishing facility in Connecticut, identify opportunities to reduce internal and external re-work by 50 percent and to save \$36,000 per year. In total, the Green Suppliers Network review identified improvements that are estimated to save the facility \$424,500 annually when implemented. One Green Suppliers Network review with Summit Corp., a metal finishing facility in Connecticut, identified \$980,000 in potential annual savings in lean and clean opportunities.

Key Points from Presentations

(For more detail, see the individual presentation files for this teleseminar at <http://www.epa.gov/performancetrack/members/tele.htm>)

- The Green Suppliers Network integrates environmental considerations into the principles of lean manufacturing. The basic process works as follows:
 - Original equipment manufacturers (OEMs) work with Green Suppliers Network to identify suppliers at any point in the supply chain that should participate in the program, such as suppliers that are facing environmental or financial challenges, or suppliers that have indicated an interest in making lean/green improvements. To date, the Green Suppliers Network has primarily worked with facilities in the aerospace, automotive, healthcare/pharmaceuticals, and office furniture industries, but is now making a review available to Performance Track members in any manufacturing sector.
 - A Green Suppliers Network review team composed of state pollution prevention staff and experts from the National Institute of Standards and Technology's

Manufacturing Extension Partnership program goes to the suppliers' factories, reviews operations and systems (typically over 3-4 days), and generates a report identifying opportunities for improvement.

- Green Suppliers Network works with the suppliers to implement the improvements. Confidentiality is respected and data are aggregated; EPA does not see facility information unless the facility volunteers it.
- Costs and Benefits to Suppliers and OEMs
 - Costs
 - A review costs the facility \$7,000. EPA contributes \$2,500 to small facilities (under 500 employees). In addition, facilities that implement recommended improvements within three months of the review receive a \$1,000 credit.
 - The OEM contributes time and staff resources up-front. The supplier's facility contributes time and staff resources during the site review; also, time and resources may be needed to train employees in lean approaches.
 - Benefits
 - Suppliers benefit from cost savings. Experience to date shows that implementing recommended improvements yields a minimum three-to-one return on investment, and returns typically are much better than that. Green Suppliers Network policy is that the savings remain with the suppliers. Some suppliers pass on savings to employees in the form of bonuses, providing an incentive for employees to find still more opportunities for savings.
 - OEMs benefit from a stronger supply chain; reduced risk (e.g., risk of OEM downtime due to interruptions in supplies and risk to multinational OEMs of noncompliance with environmental requirements in other countries); better quality; fewer defects; and better on-time delivery.
 - OEMs and suppliers both benefit from the opportunity to work together directly. Suppliers can help OEMs find innovative solutions to meet their environmental goals, and can alert OEMs to opportunities to update specifications and improve efficiency.
 - A leaner and greener supply chain can help OEMs and suppliers with image and branding.
- Performance Track and Green Suppliers Network are providing a new service to Performance Track manufacturing facilities. Regardless of the manufacturing sector it operates in, a Performance Track facility and its suppliers are eligible for a Green Suppliers Network review. For more information on this benefit, please contact Richard Kashmanian at kashmanian.richard@epa.gov or (202) 566-2875, or Ted Cochin at cochin.ted@epa.gov or (202) 566-1181. For more information on the Green Suppliers Network, contact Kristin Pierre, program manager, at pierre.kristin@epa.gov or (202) 564-8837.